

AMENDED IN SENATE JUNE 27, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 597

Introduced by Assembly Member Eng

February 16, 2011

An act to add Division 22 (commencing with Section 70000) to the Financial Code, relating to financial literacy.

LEGISLATIVE COUNSEL'S DIGEST

AB 597, as amended, Eng. California Financial Literacy Fund.

The California Constitution requires the Legislature to encourage the promotion of intellectual improvement. Existing law regulates financial institutions and their interactions with the public. Existing law recognizes the existence of specialized financial institutions that provide services, including, but not limited to, financial literacy training, to underserved communities.

This bill would establish the California Financial Literacy Fund in the State Treasury for the purpose of enabling partnerships with the financial services community and governmental and nongovernmental stakeholders to improve Californians' financial literacy. The bill would require the fund to be administered by the Controller and would authorize the Controller to deposit private donations into the fund ~~from entities with no direct financial interest in any financial products~~. The bill would require those moneys to be made available upon appropriation in the annual Budget Act *and would require donations to be returned to contributors if not appropriated within 18 months*. The bill would authorize the Controller to convene an advisory committee to provide *additional* oversight of the fund and develop strategies to improve financial literacy. *The bill would prohibit use of donations to promote*

or market the financial products of any contributor. The bill would require the Controller, beginning in 2013, to provide an annual summary to specified committees of the Legislature on the use of those moneys appropriated from the fund.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 22 (commencing with Section 70000)
2 is added to the Financial Code, to read:

3
4 DIVISION 22. CALIFORNIA FINANCIAL LITERACY
5 FUND
6

7 70000. For purposes of this division, “fund” means the
8 California Financial Literacy Fund.

9 70001. (a) The California Financial Literacy Fund is hereby
10 established in the State Treasury. The fund shall be administered
11 by the Controller.

12 (b) The purpose of the fund is to enable partnerships with the
13 financial services community and governmental and
14 nongovernmental stakeholders to improve Californians’ financial
15 literacy.

16 (c) *Funds not appropriated within 18 months of being*
17 *contributed to the fund shall be returned in full to the contributor.*

18 70002. The Controller may accept private donations ~~from~~
19 ~~entities with no direct financial interest in any financial products~~
20 and deposit those donations into the fund, which shall be made
21 available upon appropriation in the annual Budget Act. *Donations*
22 *shall not be used to promote or market the financial products of*
23 *any contributor.*

24 70003. ~~(a)~~ The Controller may convene a financial literacy
25 advisory committee to provide *additional* oversight of the fund
26 and develop strategies to improve financial literacy. *If convened,*
27 *the committee shall comply with the Bagley-Keene Open Meeting*
28 *Act (Article 9 (commencing with Section 11120) of Chapter 1 of*
29 *Part 1 of Division 3 of Title 2 of the Government Code).*

30 ~~(b) If the committee is convened by the Controller, it shall be~~
31 ~~chaired by the Controller and may include representatives of the~~

1 ~~Superintendent of Public Instruction, the Treasurer, the California~~
2 ~~State Library, the Department of Corporations, the Department of~~
3 ~~Financial Institutions, the Department of Consumer Affairs, and~~
4 ~~the Department of Finance. The committee may also include one~~
5 ~~or more representatives from the financial services industry, the~~
6 ~~nonprofit sector associated with improving financial literacy, and~~
7 ~~other institutions committed to improving Californians' financial~~
8 ~~literacy.~~

9 ~~(e) State agencies in the executive branch, including boards,~~
10 ~~commissions, and constitutional officers, shall use existing~~
11 ~~resources to participate in the advisory committee, to the extent~~
12 ~~they elect to participate.~~

13 70004. Beginning in 2013, the Controller shall provide to the
14 respective chairpersons of the Assembly Committee on Banking
15 and Finance and the Senate Committee on Banking and Financial
16 Institutions a brief annual summary on the use of the funds, when
17 appropriated. This summary shall be submitted no later than August
18 30 of each year.

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